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January 8, 2002

Ex Parte

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th St., S.W. – Portals
Washington, DC 20554

RE: Application by Verizon-New England Inc. for Authorization To Provide In-Region, InterLATA Services in State of Rhode Island, Docket No. 01-324

Dear Ms. Salas:

The Commission has asked a number of questions about Verizon's "Average Offered Interval" (PR-1), "Average Completed Interval" (PR-2), and "Installation Quality" (PR-6) measurements.

The Average Offered Interval reports the number of business days between the date a valid order is received and the due date for the confirmed order. This measurement does not actually measure the interval "offered" by Verizon, because CLECs select the due date during the pre-ordering process. Intervals for services are determined either by Verizon's SMARTS Clock (also used by Verizon's retail representatives) or the standard interval, depending on the type of service; CLECs can also select a later appointment, depending on the needs of their customer and their business. The performance standard for this measurement is generally parity with the retail comparison group. However, xDSL loops and hot cuts are compared to the standard intervals for those products.

The Average Completed Interval reports the number of business days between the date a valid order is received and the actual work completion date. As with the Average Offered Interval, the performance standard for this measurement is generally parity with the retail comparison group. Again, xDSL loops and hot cuts are compared to the standard intervals for those products.

The average interval measurements (PR-1 and PR-2) have never been included in the Performance Assurance Plans in New York, Massachusetts, Connecticut, and Rhode Island. As Verizon has explained in previous applications, those plans focus on a subset of the performance measurements developed through the Carrier Working Group and include those the New York PSC deemed most important to competition. See Guerard/Canny/Abesamis Decl. ¶ 24.

In addition, as Verizon has demonstrated in previous applications, these average interval measurements are redundant and flawed. In particular, although Verizon representatives and

CLECs use the same list of standard intervals, see New York Order ¶ 203 n.647, Verizon has no control over the mix of products that CLECs order. As the Commission has recognized, Verizon's reported average interval results can show a disparity simply because CLECs' orders "reflect[] a disproportionate share of order types with longer-than-average standard intervals (the 'order mix' problem)." Id. ¶ 205; see id. ¶ 203 n.647. For example, as part of its Connecticut application, Verizon demonstrated that the average standard interval for CLECs' residential resale POTS orders in New York were nearly twice as long as the average completed interval for the retail orders in the comparison group. See Gertner/Bamberger Decl. ¶ 22, CC Docket No. 01-100 (FCC filed Apr. 23, 2001). In that case, the "order mix" accounted for the entire difference in the reported results.

In fact, for the order mix to affect the reported results, CLECs need not order products with longer-than-average standard intervals, they need only order products with average standard intervals that are longer than the average standard intervals for the retail orders included in the comparison group. In other words, even if all of the CLEC orders for a given measurement have the same standard interval, the "order mix" can still result in an apparent disparity if the retail comparison group includes a mix of retail products and the average standard interval for that mix is shorter than the single standard interval for the CLEC product measured.

Historically, for the average interval measurements, there has also been an issue with the CLECs' proper coding of orders with intervals that are longer than the next available appointment or the standard interval. See New York Order ¶ 204 ("the 'W-coding' problem"). Proper coding is necessary to ensure that such orders are excluded from these measurements. As the Commission has recognized, if CLEC orders with longer-than-standard intervals are included in the reported results, then "installation intervals for those competing carriers will be, on average, longer than those for [Verizon] customers." Id. However, the primary problem today with the average interval measurements is the failure to account for the mix of orders, as described above.

For these reasons, the Commission has found that the average interval measurements are "not an accurate indicator of Verizon's performance in provisioning . . . orders." Massachusetts Order ¶ 92. In addition, the New York Public Service Commission has recently approved the elimination of the average completed interval measurements from the Carrier-to-Carrier Guidelines, because other measurements — such as the "Percent Completed within Interval" (PR-3) and "Missed Appointment" (PR-4) measurements — better capture Verizon's provisioning performance. See Guerard/Canny/Abesamis Decl. ¶¶ 16, 47. The PR-2 measurements have also been eliminated from the guidelines in Massachusetts and Connecticut, and a proposal to eliminate them is pending in Rhode Island.

Verizon also provides the following answers to the Commission's specific questions:

INTERVAL OFFERED

1. From August through November, the average offered interval for PR-1-03-3112 (POTS – Dispatch (1-5 lines) – Loop) was 5.34 days for CLECs and 3.46 days for the retail comparison group, a difference of only 1.88 days. There were only 33 CLEC

transactions, on average, during those months, while there were more than five times as many retail transactions. The Commission has previously recognized that, "where performance data is based on a low number of observations, small variations in performance may produce wide swings in the reported performance data." Kansas/Oklahoma Order ¶ 36. The Commission has stated further that "[i]solated cases of performance disparity, especially when the margin of disparity or the number of instances measured is small, will generally not result in a finding of checklist noncompliance." Connecticut Order ¶ 12. In addition, the interval on a dispatch order for a new loop or retail service is obtained from the SMARTS Clock, which establishes the next available due date on a garage-by-garage basis. Thus, while the next available appointment for the Providence garage might be 3 days later, the next available appointment for the Newport garage might be 4 days later. Therefore, to the extent that the proportion of orders by garage location varies, the average interval results for this measurement are likely to differ. See New York Order ¶ 203 ("competitive LECs are ordering a relatively larger share of services in geographic areas that are served by busier garages and, as a result, reflect later available due dates (the 'geographic mix' problem)").

2. From August through November, the average offered interval for PR-1-05-3112 (POTS – Dispatch (>= 10 lines) – Loop) was 8.89 days for CLECs and 6.00 days for the retail comparison group. In November, Verizon met the parity standard for this measurement. Nonetheless, there was a total of only nine CLEC observations for the four months, and the Commission has recognized that "performance data based on low volumes of orders or other transactions is not as reliable an indicator of checklist compliance as performance based on larger numbers of observations." Kansas/Oklahoma Order ¶ 36. Furthermore, the intervals for orders for 10 or more lines are established on a negotiated basis and the reported results, therefore, vary widely by month. For example, while the average interval was 11.50 for CLECs and 3.00 for the retail comparison group in August 2001, it was 7.00 for CLECs and 24.50 for the retail comparison group in November 2001.

3. Although the Commission asks questions about Verizon's performance on two special services average interval measurements, PR-1-01-3200 and PR-1-02-3200, Verizon notes that the New York PSC has recently eliminated these measurements. These measurements have also been eliminated in Massachusetts and Connecticut and a proposal to eliminate them is pending in Rhode Island. The Carrier Working Group agreed, and the New York PSC found, that these measurements were redundant of the more specific measurements of Verizon's performance for DS0, DS1, and DS3 specials (PR-1-06-3200, PR-1-07-3200, 1-08-3200). These latter measurements also provide more appropriate retail comparisons than did the general specials category. For DS1 specials, Verizon's performance did not meet the parity standard in only one month between July and November. (There are no CLEC observations for the DS0 and DS3 specials measurements for the past eight months.)

   With respect to the measurements that the New York PSC has eliminated, the Commission notes that PR-1-01-3200 (Special Services – Total – No Dispatch) did not

meet the parity standard in October. However, this was the only month from July through November in which Verizon did not meet the parity standard for this measurement. Moreover, over the past eight months, there have never been more than six CLEC transactions in any month. Finally, the Commission also notes that PR-1-02-3200 (Special Services – Total – Dispatch) did not meet the parity standard in six of the past seven months. However, there were only an average of 11 CLEC transactions during those months, and, in November, there were only 9 CLEC transactions.

4. Although the Commission asks questions about two average offered interval measurements for 2-wire digital loops (PR-1-01-3341 and PR-1-02-3341), Verizon notes that, over the past eight months, there were a total of 34 CLEC observations for both measurements combined. Further, the disparity that the Commission points to in October for PR-1-02-3341 (2-wire digital services – Total – Dispatch) was 0.69 days, a difference that the Commission, in the past, has found not to be competitively significant. See New York Order ¶ 202 n.645. In addition, Verizon's performance met the parity standard on this measurement in each of the six prior months and in November. In Massachusetts, over the past eight months, the average offered interval for CLECs for PR-1-02-3341 has been only 0.61 days longer than the average interval for the retail comparison group (5.73 vs. 5.12), and Verizon's performance did not meet the parity standard in only three of those eight months.

   With respect to PR-1-01-3341 (2-wire digital — Total — No Dispatch), there were only 6 CLEC orders in Rhode Island in the past eight months. In Massachusetts, Verizon's performance has improved in recent months (5.86, 5.79, 5.72, 4.00) even as order volumes have generally increased (14, 24, 64, 4). (There were no CLEC observations in November for this measurement in Massachusetts.) Moreover, the retail comparison group for UNE 2-wire digital no dispatch orders also includes feature changes to the voice side of an ISDN service, which have shorter intervals than new installation orders.

INTERVAL COMPLETED

5. On December 6, 2001, Verizon submitted to the Rhode Island PUC revised Carrier-to-Carrier Guidelines reflecting the changes adopted by the New York PSC in October 2001. As noted above, these changes included the elimination of the average completed interval measurements (PR-2), as they are redundant of other provisioning measurements. This proposal is pending before the Rhode Island PUC.

6. For PR-2-03-3112 (POTS – Dispatch (1-5 lines) – Loop), the average completed interval from August through November was 5.28 days for CLECs and 3.54 days for the retail comparison group, a difference of only 1.74 days. Like the comparable average offered interval measurement (PR-1-03-3112), discussed above, there were only about 30 CLEC transactions, on average, during those months, while there were more than five times as many retail transactions. In addition, CLECs' average completed intervals have decreased over the past four months (6.27, 5.48, 4.84, and 4.80), even as CLEC volumes have generally increased (22, 33, 43, and 20). In addition, the same "geographic mix" issue that can affect PR-1-03-3112 can also affect this measurement.

7. The Commission asks why the "order mix" problem applies to the average completed interval measurement for stand-alone loops. In the New York Order, the Commission stated that, although Verizon had not then argued that the "order mix" problem affected the stand-alone loop data, it was not persuaded that "this 'order mix' argument is applicable to stand-alone new loop orders because the feature mixes that Bell Atlantic alleges result in longer provisioning intervals do not come into play when Bell Atlantic provisions a stand-alone loop." New York Order ¶ 287 n.918. First, as discussed above, this measurement can be affected to the extent that the order mix differs by garage location. Second, stand-alone loops and retail POTS orders that can be provisioned as a cut through, using a loop facility that is already wired to the customer location, have shorter provisioning intervals, because there normally is no need for a dispatch. (However, if the cut through facility is missing, defective, or served by IDLC, then a dispatch will be required.) Therefore, if CLECs have a smaller percentage of such orders, or fail to select the shorter cut through interval and obtain the SMARTS Clock interval instead, their average interval will be longer.

8. The Commission asks for information about PR-2-01-3111 (Hot Cut Loop – Total – No Dispatch). Verizon notes that this measurement has been eliminated in New York and Massachusetts and that a proposal to eliminate the measurement is pending in Rhode Island. In addition, the New York PSC has eliminated the comparable average offered interval measurement (PR-1-01-3111) and replaced it with a new measurement (PR-3-08) that reports the percent of hot cut loops completed in five days because "it provides a better measure for intervals on this type of service." Proceeding on Motion of the Commission to Review Service Quality Standards for Telephone Companies, Order Modifying Existing and Establishing Additional Inter-Carrier Service Quality Guidelines, State of New York Public Service Commission Att. 1, at 22 (Issued and Effective October 29, 2001) (App. N, Tab 6). This measurement has also been eliminated in Massachusetts and a proposal to eliminate the measurement is pending in Rhode Island.

   Performance results for both PR-1-01-3111 and PR-2-01-3111 have always been compared to the five-day standard interval for hot cut loops. Indeed, for these measurements, the performance reports that Verizon filed with its New York, Massachusetts, Connecticut, and Rhode Island applications all state, where the performance standard normally appears, "1-9=5, 10+=Negotiated." And the Commission has previously noted that the "the standard interval is . . . an official benchmark standard . . . in New York." Pennsylvania Order ¶ 86 n.298. The reason for this is simple: as this Commission has recognized, there is no retail equivalent to a hot cut loop. See id.; New York Order ¶ 291.

INSTALLATION QUALITY

9. PR-6-01-3343 (2-wire xDSL Line Sharing – Percent Installation Troubles Reported Within 30 Days) in Massachusetts did not meet the parity standard in only two of the past eight months. Further, during those eight months, the average installation trouble rate was 0.96 for CLECs and 0.66 for the retail comparison group, a difference of only 0.30.

Although PR-6-01-3343 did not meet the parity standard in September and October, this measurement met the parity standard in November.

10. The Commission asks about Verizon's performance on PR-6-01-3341 (2-wire Digital Services – Percent Installation Troubles Reported Within 30 Days). First, the retail comparison group for this measurement does not provide an "apples-to-apples" comparison. First, most of the CLEC 2-wire digital loops are provisioned using fiber, while most of the orders in the retail comparison group are provisioned using copper. In addition, the CLEC loops are predominantly used for data transmission (IDSL), while the orders in the retail comparison group are predominantly used for voice transmission (either POTS or ISDN). Finally, cooperative testing of the 2-wire digital loops that CLECs purchase has also proved more difficult than for DSL loops. Because the loop is provided over fiber, through a plug-in card in the central office and another card at the remote terminal, it is not possible for any of the test equipment used by the CLECs to test past the card in the central office. (Like all loops, Verizon has no access for test purposes.) Further, the normal tests and readings that a technician would perform on a copper loop, including the cooperative test process employed for DSL loops, do not work on 2-wire digital loops provided over fiber.

    However, when CLECs do experience trouble on a 2-wire digital loop, their troubles are resolved, on average, more quickly than are the troubles in the retail comparison group. Over the past eight months, the mean time to repair 2-wire digital loops in Rhode Island (MR-4-01-3341) was 13.94 hours for CLECs and 17.80 hours for the retail comparison group; in Massachusetts, it was 17.91 hours for CLECs and 17.95 hours for the retail comparison group. MR-4-01-3341 has met the parity standard in seven of the past eight months in Rhode Island and in each of the past eight months in Massachusetts.

Please let me know if you have any questions. The twenty-page limit does not apply as set forth in DA 01-2746.

Sincerely,

Clint E. Odom

cc: J. Veach
J. Stanley
G. Remondino